Message Text

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INFO OCT-01 AF-08 EUR-12 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04 NSAE-00 SIL-01 TRSE-00 H-01 L-03 OMB-01 SS-15 SP-02 /073 W

-----021852Z 028451/66

R 020723Z APR 77

FM USINT BAGHDAD

TO SECSTATE WASHDC 4348

USDOC WASHDC

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY SANA

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

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E.O. 11652: GDS

TAGS: ETRD, PFOR, IZ

SUBJECT: BOYCOTT ISSUES CAUSING DECLINE IN U.S. TRADE WITH

IRAQ

(A) BAGHDAD 0489, (B) BAGHDAD 0455, (C) BAGHDAD 0421

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1. DURING THE FIRST FOUR MONTHS IN 1977, THE NUMBER OF VISITS TO USINT BY REPRESENTATIVES OF U.S. FIRMS, INCLUDING THOSE ENGAGED IN PRIVATELY SPONSORED TRADE PROMOTION EVENTS, HAS DECLINED BY APPROXIMATELY 45 PERCENT. ACCORDING TO OUR CONTACTS, PRINCIPAL REASONS FOR THIS DECLINE ARE THE PROBLEMS CREATED FOR U.S. FIRMS BY THE PROPOSED ANTI-BOYCOTT LEGIS-

LATION AND BY THE IRAQI REACTION TO THE PROPOSED LEGISLATION.

- 2. IRAQI REGISTRAR OF COMPANIES TOLD USINT OFFICER THAT ONLY 4 OR 5 U.S. COMPANIES HAD REGISTERED AN AGENCY AGREEMENT WITH HIS OFFICE OUT OF A TOTAL OF 1500 AGREEMENTS NOW FILED BY FOREIGN FIRMS. PRINCIPAL REASON FOR THE SMALL NUMBER OF U.S. FIRMS WAS THE REQUIREMENT FOR BOYCOTT LANGUAGE IN REGISTRATION STATEMENT.
- 3. COMMENT: AS REPORTED IN BAGHDAD 0421, GOVERNMENT OF IRAQ IS PREPARED TO ACCEPT U.S. LEGISLATION BANNING DISCRIMINATION ON GROUNDS OF RACE, RELIGION, OR NATIONAL ORIGIN, BUT IS DEFINITELY UNWILLING TO ACCOMMODATE TO U.S. LEGISLATION THAT GOES BEYOND THESE PRINCIPLES. PROHIBITION ON SUPPLYING BOYCOTT-RELATED INFORMATION ON INVESTMENTS OR LICENSING AGREEMENTS IN ISRAEL, IF MADE INTO LAW, WILL BE PARTICULARLY SERIOUS OBSTACLE TO U.S.-IRAQI TRADE. SINCE ALMOST ALL OF THIS INFORMATION IS ALREADY IN PUBLIC DOMAIN, REFUSAL TO PERMIT COMPANIES TO REPLY TO QUESTIONNAIRES WILL BE VIEWED BY IRAQIS AS ANTI-ARAB BIAS ON PART OF USG.
- 4. IRAQ IS UNDERTAKING \$40 BILLION DEVELOPMENT PROGRAM OVER NEXT FIVE YEARS. U.S. COMPANIES AND U.S. LABOR FORCE ARE BEING SQUEEZED OUT CONFIDENTIAL

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OF ANY PARTICIPATION IN THIS PROGRAM BY PROPOSED ANTI-BOYCOTT LEGISLATION THAT GOES FAR BEYOND THE PROHIBITION OF DISCRIMINATION BASED ON RACE, RELIGION, OR NATIONAL ORIGIN.
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